

Oversight Division

Committee On Legislative Research

**Program Evaluation
Adoption Services**

Program Evaluation: Adoption Services

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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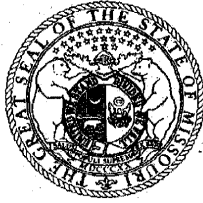
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STATE CAPITOL
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February 28, 2001

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May, 2000, directing the Oversight Division to perform a program evaluation of Adoption Services within the Department of Social Services to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

A handwritten signature in cursive script that reads "Larry Rohrbach".
Senator Larry Rohrbach
Chairman

EXECUTIVE SUMMARY

The Adoption Services Program administered by the Department of Social Services provides a wide range of services for children and parents involved in the adoption process. Among the services offered are counseling, support, legal assistance, recruitment, training and financial support. For special-needs children, costs are underwritten by the state through the Missouri adoption subsidy program for legal, medical, dental, psychiatric, psychological, and/or integrative services for the child both before and after adoption. Within the category of special needs are all children in state custody as well as any child over the age of five or children in a sibling group, as well as children meeting other criteria. During state fiscal year 2000, 1,157 children in Division of Family Services custody were adopted. The Department received adoption incentive awards from the Federal government of \$236,000 in 1999 and \$430,364 in 2000 for exceeding the number of children adopted compared to the previous year. Total costs for the program in FY 2000 were \$33.3 million compared to total costs in FY 1997 of \$20.2 million, or a 65% increase over three years. Oversight was unable to determine the number of employees staffing the program because staff duties overlapped with other programs.

During Oversight's review of the records related to the Adoption Services Program, it was determined that the Department routinely offers adoption subsidy assistance to families regardless of need. Cases are not followed-up on to determine whether the family is still eligible to receive the assistance under the Department's guidelines. For instance, if the child becomes emancipated, incarcerated or turns 18 years old (absent extenuating circumstances), assistance should cease. However, the Department has no method for detecting some of these events. In addition, the Department enters into long-term agreements with parents to reimburse costs for special services without documentation of the need or later following up to determine the need for special services still exists. Special services subsidies are authorized for those adoptive children who have medical or behavioral needs that require additional attention by the parents. The subsidy rates are approximately three times the standard rates. One family was paid \$3,130 per month in special behavioral maintenance subsidy even though they did not allow their children to receive counseling services. In two cases, payments were authorized for periods exceeding thirteen years.

Oversight noted the Department's adoption subsidy contract management system does not contain adequate controls to prevent unauthorized payments from being made. As a result, overpayments estimated in the millions of dollars have occurred over the last few years. Oversight noted 462 cases where payments continued to be made to parents beyond the expiration of the time authorized. In fact, families were receiving payments for as long as seven years beyond the expiration date. Adoption subsidy payments were also made in excess of amounts authorized. For instance, legal expenses of \$20,995 were paid when only \$2,000 had been authorized resulting in an overpayment of \$18,995. Residential treatment services for adopted children was being paid beyond the authorized time periods. In one case, residential treatment totaling \$103,852 was paid in unequal installments from August, 1999 through August,

2000. Payments should have been limited to \$3,370 per month through December, 1999. This resulted in an overpayment of \$87,002. Payments continued through the end of our evaluation and will continue to grow until DFS makes an entry in their contract management system to stop the payments.

Oversight also noted concerns related to adoption subsidy payments for day care expenses. Day care expenses for children under 13 are included as part of the adoption subsidy package offered to parents. DFS contracts with day care providers at established rates, however, Oversight noticed DFS paid contract providers in excess of established rates. There appeared to be a developing trend whereby DFS contract providers charged co-payments to adoptive parents. The adoptive parents would in turn submit documentation to DFS and receive reimbursement for these co-payments. One family was reimbursed \$2,203 in one year for the co-payments. In the same year payments exceeded the contract rates by a total of \$178,465. In some cases the payment of day care subsidy at all was questionable. For instance, one family received child care subsidy in the amount of \$3,360 per month for seven adopted children even though neither parent worked outside the home. In another case, the same amount was reimbursed for day care for a school-aged child throughout the year even though the child attended school nine months of the year. Oversight recommends the DFS take advantage of their contract rates, require adequate documentation and be more discriminate in their authorization of day care expenses.

The Department of Social Services approved the expenditure of state funds for the purpose of making the adoptive family environment safe and suitable for the adopted child. Apparently, when application for adoption was made, the environment was not always safe and suitable. A total of \$44,863 was paid to one family for the purchase of a van, furniture, home renovations, and repairs to the van. In another case, a new heating and cooling system, roof and fence were purchased for a family at a cost of \$18,153. Oversight questions whether funds should be expended for these purposes.

Overall, Oversight recommends the Department of Social Services implement controls to monitor the approval and expenditure of funds for the adoption subsidy program.

The Oversight Division did not audit departmental or divisional financial statements and, accordingly, does not express an opinion on them. We wish to acknowledge the cooperation and assistance of Department of Social Services staff during the evaluation process.

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large, looped initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA

Chapter One - Introduction

Purpose

The General Assembly has provided by law that the Committee on Legislative Research may have access to and obtain information concerning the needs, organization, functioning, efficiency and financial status of any department of state government or of any institution that is supported in whole or in part by revenues of the state of Missouri. The General Assembly has further provided by law for the organization of an Oversight Division of the Committee on Legislative Research and, upon adoption of a resolution by the General Assembly or by the Committee on Legislative Research, for the Oversight Division to make investigations into legislative and governmental institutions of this state to aid the General Assembly.

The Committee on Legislative Research directed the Oversight Division to perform a program evaluation and expenditure review for the purpose of providing information to the General Assembly regarding proposed legislation and appropriation bills.

Background

Within the Division of Family Services (DFS) of the Department of Social Services, a wide range of services is offered for children and parents involved in the adoption process. As part of the adoption services program, DFS:

1. Evaluates the child's needs prior to placement;
2. Arranges for care of the child prior to adoptive placement;
3. Places the child with an approved adoptive family;
4. Offers placement support activities until the adoption is legally complete;
5. Provides pre- and post-adoptive counseling to natural and adoptive parents regarding adoption;
6. Provides legal services associated with freeing a child for adoption;
7. Provides recruitment assessment;
8. Approves and selects appropriate adoptive family resources;
9. Provides medical, dental, psychiatric or psychological services for the child as needed;
10. Subsidizes adoption;
11. Maintains ADOPTLINE, a toll-free phone line for children waiting to be adopted;
12. Administers the Adoption Exchange of Missouri; and
13. Cooperates with other state, regional, and national adoption exchange or photo-listing services for the purpose of assuring permanent care of children.

Any child meeting at least one of the following criteria is considered, by definition, a special-needs child: (1) minority parentage; (2) handicapping condition - mental, physical, or emotional; (3) member of a sibling group - two or more brothers and/or sisters placed in the same adoptive home; (4) guarded prognosis - possible future problems related to the child's condition or status at the time of adoptive placement; (5) over five years of age, without any of the above characteristics; (6) no adoptive families identified as the result of a reasonable search for an adoptive family resource which would not need a subsidy; or (7) in the custody of the Missouri Division of Family Services, Division of Youth Services, Department of Mental Health, or a Missouri-licensed child-placing agency at the time of adoptive placement.

For special-needs children, costs are underwritten by the state through the Missouri adoption subsidy program for legal, medical, dental, psychiatric, psychological, and/or integrative services for the child both before and after adoption. For an adoptive family to receive an adoption subsidy, an agreement must be negotiated between that family and DFS. Children who are in the custody of DFS must first be legally free for adoption. Any family (parent at least 21 years of age) or single person (at least 21 years of age) in Missouri may be considered a prospective adoptive family. Refer to the chart included in Chapter Two for a schedule of actual expenditures by category for adoption subsidy during the fiscal years ended June 30, 2000, 1999, 1998, and 1997.

DFS also provides training for prospective foster and adoptive parents. Currently, DFS requires parents seeking adoption approval to complete twenty-seven hours of STARS (Specialized Training Assessment Resources and Support/Skills) training and attend twelve hours of Spaulding training. The STARS training includes curriculum for prospective foster and adoptive parents whereas the Spaulding training is exclusively for prospective adoptive parents. Each training program includes a home assessment.

On November 19, 1997, the President signed into law (P.L. 105-89), the Adoption and Safe Families Act (ASFA), designed to improve the safety of children, to promote adoption and other permanent homes for children who need them, and to support families. This new law makes changes and clarifications in a wide range of policies established under (P.L. 96-272), the Adoption Assistance and Child Welfare Act, enacted in 1980 to assist the states in protecting and caring for abused and neglected children. Several of the provisions in the new law include:

- Expansion of health care coverage to non-title IV-E eligible children with special health care needs;
- Adoption incentive payments to states;
- Continuation of eligibility for the title IV-E adoption assistance subsidy for children whose adoption is disrupted;
- Requirement that states document efforts to secure adoption for children;

- New time line and conditions for filing termination of parental rights;
- New time frames for permanency hearings;
- Requirement that states check prospective foster and adoptive parents for criminal backgrounds.

As a result of ASFA, Missouri received its first adoption incentive award of \$236,000 in 1999. The incentives are awarded to states that exceed the number of children adopted compared to the previous year. On September 20, 2000, the United States Department of Health and Human Services announced the second award of nearly \$20 million in adoption incentives, of which Missouri was awarded \$430,364.

The number of children in DFS custody for fiscal years 2000, 1999, and 1998 totaled 17,991, 17,239, and 16,503 respectively. As of August 21, 2000, children in DFS custody who were adopted during fiscal years 2000, 1999, and 1998 totaled 1,157, 1,007, and 711 respectively.

The Council on Accreditation of Services for Families and Children, Inc. (COA) has published a set of adoption service standards. DFS is currently seeking accreditation from COA.

Objectives

The program evaluation of Adoption Services included the inspection of records for the purpose of providing information to the General Assembly for their consideration in proposing legislation and reviewing appropriation bills. The Oversight Division's evaluation focused on the objectives noted below.

- Reviewing federal and state laws and regulations governing adoption and foster care;
- Evaluating training requirements;
- Determining whether subsidies paid are reasonable;
- Reviewing the process for private adoptions;
- Evaluating compliance with performance measures;
- Evaluating costs of adoption;
- Comparing various adoption measures to other states' measures.

Scope/Methodology

Our evaluation included interviewing Division personnel, attending training provided by DFS, reviewing a sample of case files, conducting site visits of selected Division offices, reviewing requested data provided by DFS, reviewing statistics compiled at the national level for all states by the National Conference of State Legislatures.

Our scope was not limited to any specific fiscal years, although for most analyses, data from fiscal years 1997 through 2000 was utilized.

Chapter Two - Chart

Our report includes a chart of adoption subsidy expenditures for fiscal years 1997 through 2000. The chart breaks out subsidy expenditures into various categories and indicates the number of children, average expenditure per child, and percentage of total expenditures for each category.

| Adoption Subsidy | Maintenance | Respite/ Clothing/ Training | Residential Treatment | Day Care | Treatment/ Counseling | Day Treatment | Transportation | Tuition | Medical | Legal | Other | Total |
|----------------------------------|--------------|-----------------------------------|--------------------------|-------------|--------------------------|------------------|----------------|-----------|-----------|-------------|-------------|--------------|
| FY 2000 | | | | | | | | | | | | |
| Expenditures | \$20,437,955 | \$224,982 | \$4,644,291 | \$2,538,637 | \$244,979 | \$219,607 | \$159,377 | \$322,545 | \$200,233 | \$1,256,143 | \$3,019,876 | \$33,268,625 |
| Number of Children | 7,135 | 793 | 467 | 6,782 | 166 | 38 | 275 | 267 | 253 | 1,340 | 1,737 | |
| Average Expenditure per Child | \$2,864 | \$284 | \$9,945 | \$374 | \$1,476 | \$5,779 | \$580 | \$1,208 | \$791 | \$937 | \$1,739 | |
| Percentage of Total Expenditures | 61.43% | 0.68% | 13.96% | 7.63% | 0.74% | 0.66% | 0.48% | 0.97% | 0.60% | 3.78% | 9.08% | 100.00% |
| FY 1999 | | | | | | | | | | | | |
| Expenditures | \$16,474,381 | \$220,943 | \$3,837,736 | \$1,730,362 | \$138,705 | \$270,054 | \$113,380 | \$111,134 | \$142,215 | \$830,011 | \$2,522,204 | \$26,391,125 |
| Number of Children | 6,131 | 487 | 303 | 4,150 | 126 | 40 | 193 | 77 | 173 | 945 | 1,486 | |
| Average Expenditure per Child | \$2,687 | \$454 | \$12,666 | \$417 | \$1,101 | \$6,751 | \$587 | \$1,443 | \$822 | \$878 | \$1,697 | |
| Percentage of Total Expenditures | 62.42% | 0.84% | 14.54% | 6.56% | 0.53% | 1.02% | 0.43% | 0.42% | 0.54% | 3.15% | 9.56% | 100.00% |
| FY 1998 | | | | | | | | | | | | |
| Expenditures | \$14,081,645 | \$133,345 | \$3,723,976 | \$1,476,511 | \$123,778 | \$228,397 | \$75,836 | \$170,073 | \$107,622 | \$655,462 | \$2,192,334 | \$22,968,979 |
| Number of Children | 5,050 | 380 | 279 | 3,542 | 89 | 40 | 153 | 100 | 152 | 799 | 1,195 | |
| Average Expenditure per Child | \$2,788 | \$351 | \$13,348 | \$417 | \$1,391 | \$5,710 | \$496 | \$1,701 | \$708 | \$820 | \$1,835 | |
| Percentage of Total Expenditures | 61.31% | 0.58% | 16.21% | 6.43% | 0.54% | 0.99% | 0.33% | 0.74% | 0.47% | 2.85% | 9.54% | 100.00% |
| FY 1997 | | | | | | | | | | | | |
| Expenditures | \$12,334,909 | \$90,687 | \$3,812,846 | \$1,265,824 | \$103,866 | \$199,056 | \$71,912 | \$157,895 | \$103,234 | \$480,229 | \$1,569,883 | \$20,190,341 |
| Number of Children | 4,560 | 275 | 235 | 3,087 | 128 | 22 | 145 | 92 | 185 | 650 | 1,028 | |
| Average Expenditure per Child | \$2,705 | \$330 | \$16,225 | \$410 | \$811 | \$9,048 | \$496 | \$1,716 | \$558 | \$739 | \$1,527 | |
| Percentage of Total Expenditures | 61.09% | 0.45% | 18.88% | 6.27% | 0.51% | 0.99% | 0.36% | 0.78% | 0.51% | 2.38% | 7.78% | 100.00% |

Chapter Three—Comments

Comment 1:

The Department of Social Services - Division of Family Services adoption subsidy contract management system does not contain adequate controls to prevent unauthorized payments from being made. As a result, overpayments estimated in the millions of dollars have occurred over the last several years.

As part of the adoption process, a collaborative agreement is negotiated between the Division of Family Services (DFS) and the adoptive family to meet the needs of the child. Adoption subsidy payments include: monthly maintenance; medical care, therapy, or other services related to a diagnosed physical, mental, or emotional disability existing prior to adoption and not covered by the adoptive family's insurance; and reimbursement for nonrecurring expenses (i.e. legal fees, court costs, home studies) relating to the adoption process. During our evaluation of the adoption services program, we noted the following concerns relating to subsidy payments:

1. Adoption subsidy maintenance payments made after authorization had expired

A review of all adoption subsidy clients with open contracts for maintenance noted 462 cases where payment authorization had apparently expired yet the parents continued to receive monthly maintenance payments. In fact, some families were receiving monthly payments for as long as seven years beyond the expiration date.

As of November 2, 2000, DFS had reviewed 136 of the 462 cases (approximately 29%). DFS personnel indicated there are four basic categories which encompass the 462 cases noted by Oversight:

A. Children were still eligible, but authorization for maintenance was not updated in the system in a timely manner;

B. Children were eligible and forms were up-to-date, but were authorized for payment under the code of SMAS (Special Maintenance Adoption Subsidy) or ASRT (Adoption Subsidy Residential Treatment) but were actually being paid under the maintenance code of MAIN;

C. Children were not receiving subsidy but were still listed on a subsidy contract. This may occur when younger siblings are on the same contract or when an adoptive placement fails and the child returns to foster care. In these cases, payment for these children is being drawn from Title IV-E or Title XIX, federal funding; and

D. Children were not eligible, but the cases were not closed in a timely manner.

Based on the additional information received from DFS, Oversight tabulated payments totaling \$1,445,283 which represent overpayments and payments inadequately substantiated in the case files and contract management system in terms of authorization, payment codes, information updates, and case closure. Assuming the same level of overpayment and unsubstantiated payment exists in the remaining seventy-one percent of cases, the total level could be projected to be as much as \$5 million over the last several years.

Oversight determined the DFS contract management system automatically renews maintenance payments on an annual basis unless the case is closed or the system is prompted to stop payment by a manual entry made by DFS staff. Therefore, without a periodic review and proper follow-up of each case, overpayments and unsubstantiated payments are inherent in the operation of the contract management system.

2. Adoption subsidy payments in excess of authorized amounts

Legal expenses of \$20,995 were paid to a family when only \$2,000 was authorized on the subsidy agreement, resulting in an overpayment of \$18,995; day care expenses of \$2,838 were paid to a family during the four months ended June 30, 2000 when only \$2,620 was authorized for that period per the subsidy agreement, resulting in an overpayment of \$218.

3. Payments for residential treatment services beyond the authorized time periods

Oversight noted an instance in which \$7,080 was paid for residential treatment services received in February 2000 when services should have stopped on January 14, 2000 according to the subsidy agreement. In another case, residential treatment totaling \$103,852 was paid in unequal installments from August 1999 through August 2000. Payments should have been limited to \$3,370 per month through December 1999, resulting in an overpayment of \$87,002. Payments continue to date in this case and, as a result, the amount of overpayment will continue to increase until an entry is made in the DFS contract management system to stop the payments.

Oversight recommends DFS review its adoption subsidy contract management system and consider the following:

- Determine whether the automatic annual renewal of maintenance payments is an appropriate operation to have in place.
- Establish system controls that do not allow payments to be processed for which authorization has expired.
- Develop system edits that do not allow payments to be processed that are in excess of the amount authorized.
- Perform periodic reviews of each adoption subsidy case to ensure payments are properly and timely authorized, coded, and updated in the adoption subsidy contract management system.
- Calculate the extent of overpayments and seek reimbursement where appropriate.

Several concerns were noted with adoption subsidy payments made for day care expenses.

Day care expenses for children under age 13 are included as part of the adoption subsidy package offered to parents. The Division of Family Services contracts with day care providers whereby providers are paid directly by DFS at an established contract rate based on the geographic location

of the provider and the age of the child. Adoptive parents are not required to seek day care services from a contract provider. When parents receive day care services from a non-contract provider, the parents pay the provider directly and then submit documentation to DFS for reimbursement of expenses.

Our review of adoption subsidy payments for day care expenses noted the following concerns:

1. Payments in excess of established contract rates

During fiscal year 2000, \$178,465 was paid to DFS contract providers for day care expenses in excess of established rates. Oversight noted a developing trend whereby DFS contract providers charge co-payments to the adoptive parents. The parents, in turn, submit documentation to DFS and receive reimbursement for these co-payments. For the twelve months ended September 30, 2000, one family received \$2,203 and, for the three months ended August 31, 2000, another family received \$659 in co-payment reimbursement from DFS.

Prior to fiscal year 2000, DFS did not separately track these co-payments; therefore, Oversight was unable to obtain totals for other fiscal years.

2. Inadequate supporting documentation for day care reimbursement claims

For those adoptive parents who do not use DFS contract day care providers, documentation must be submitted to the county office for reimbursement through the subsidy program. Our review of subsidy payments noted documentation submitted for reimbursement of day care expenses did not always include the dates of service and tax identification number of the provider. This information is necessary to ensure the validity of the reimbursement request and the proper reporting of income by day care providers.

3. Day care needs of the child are not considered when amounts are authorized by DFS

Our review of adoption subsidy payments for day care expenses noted instances in which the same amount was reimbursed for day care services for a school-age child for the entire year. Despite the fact the child attended school nine months of the year and only required after school care for those months, the same amount was reimbursed for day care expenses. Other examples were noted in which one or both of the parents did not work outside of the home but day care expenses were paid for the adopted children. In one case, both parents did not work outside the home yet they received a total of \$3,360 per month in adoption subsidy reimbursement of day care expenses for seven of their adopted children.

Oversight recommends DFS establish procedures to ensure payments made for day care services are within their established contract rates. In addition, DFS should require documentation submitted by parents for reimbursement of day care expenses to include the dates of service and tax identification number of the provider. Finally, the amount authorized for subsidized day care expenses should take into consideration the actual day care needs of the child.

Comment 2:

The Department of Social Services - Division of Family Services routinely offers adoption subsidy assistance to families without determining the actual needs of the child. Additionally, a follow-up review is not performed to confirm a continued need for such assistance.

Section 453.073 , RSMo Supp. 1999, indicates that the determination of the amount of monetary need is to be made by the division at the time of placement, if practicable, and in reference to the needs of the child, including consideration of the physical and mental condition, age, racial and ethnic background of the child in each case; provided, however, that the subsidy amount shall not exceed the expenses of foster care and medical care for foster children paid under the homeless, dependent and neglected foster care program.

Currently, it is DFS policy to offer adoption subsidy funds that include maintenance, Medicaid coverage, and day care expenses to parents upon placement of a child. The

monthly adoption subsidy maintenance amounts are established at a rate that is based on the age of the child. No needs assessment is performed to determine whether the predetermined maintenance amount is actually needed for the child. Therefore, in conflict with Missouri statutes, DFS may be paying subsidy amounts which are in excess of the needs of the child.

In most cases, the initial adoption subsidy agreement will authorize standard maintenance payments until the child reaches age 18. Day care expenses will be authorized through age 13. The adoption subsidy agreement requires the adoptive parent to notify the Division of any change which may affect the duration and amount of the subsidy. However, no follow-up procedures are in place to ensure these changes are reported. As a result, DFS does not review adoption subsidy cases unless contact is initiated by the adoptive parent.

Oversight recommends DFS establish procedures whereby adoption subsidies are based on the needs of the child in accordance with Missouri statutes. In addition, DFS should establish follow-up procedures to ensure there is a continuing need for the adoption subsidy.

Comment 3:

The Department of Social Services - Division of Family Services entered into long-term agreements to reimburse parents for special services without following up at regular intervals to ensure the special services are still warranted.

Oversight noted six instances where payments for special services were authorized for periods exceeding one year. In two of those seven instances, payments were authorized for periods exceeding thirteen years. In addition, Oversight noted documentation did not always exist to support the child's qualification for special services. One family was paid \$3,130 per month in special behavioral maintenance subsidy even though the parents do not allow the children to receive counseling services for their behavioral problems.

DFS is authorized to grant a subsidy to a child in one of the following forms of allotment: diminishing allotment, long-term subsidy, special services, and time-limited subsidy. Special services subsidies are authorized for those adoptive children who have medical or behavioral needs that require additional attention by the parents. The behavioral

maintenance and special medical adoption subsidy rates are approximately three times the standard maintenance rate. DFS personnel indicated that subsidies for special services are to be re-evaluated each year to ensure the special rate is needed for the child.

Oversight recommends DFS develop procedures to ensure special adoption subsidy rates in excess of the standard rate are authorized annually and re-evaluated each year to determine whether the special rate should continue based on the needs of the child. In addition, DFS should maintain documentation supporting re-evaluation and the child's qualification for special services.

Comment 4:

The Department of Social Services - Division of Family Services has continued to subsidize families who moved out-of-state despite the fact the families failed to file the statutorily required statement of expenses which is to be submitted annually to the Department.

Section 453.073, RSMo, requires a subsidized family which moves from the state of Missouri to submit to DFS by the thirtieth day of June of each year, a statement of the amounts paid for expenses for the care and maintenance of the adopted child in the preceding year.

Oversight noted no current statement of expenses for one family who moved from the state of Missouri in 1996. For the period of June 1999 to September 2000, maintenance and day care expenses totaling \$9,627 have been paid to the family without a current statement of expenses.

Oversight recommends DFS ensure subsidized families which move from the state of Missouri submit a statement of expenses as required by state statute.

Comment 5:

The Department of Social Services - Division of Family Services allows employees to back-date documents in order to provide additional subsidy payments to families.

Oversight noted instances in which the subsidy attachment included a directive to backdate approval of the subsidy. Adoption subsidy agreements are maintained by DFS. A subsidy attachment is filed when an update or change is made to the subsidy agreement. DFS personnel indicated that delays in processing the subsidy attachments, either on the part of the adoptive parents or DFS caseworkers, result in lapses in approval. To avoid gaps in reimbursement, the subsidy attachment is backdated. When the subsidy attachments are backdated in this manner, the actual date the subsidy attachments were received and approved cannot

be determined.

Oversight recommends DFS discontinue the practice of backdating adoption subsidy agreement attachments to approve payment of expenses that have already been incurred by the adoptive parent. DFS should date-stamp the subsidy attachments when received.

Comment 6:

The Department of Social Services approved the expenditure of state funds for the purpose of making the adoptive family environment safe and suitable for the adopted child. Apparently, when application for adoption was made, the environment was not safe and suitable.

Oversight noted two instances where adoption subsidy funds were used to make substantial capital improvements or to purchase assets in order to improve the applicants' environment.

1. Adoption subsidy was paid to one family for the purchase of a new van (\$13,000), furniture including ten beds and a kitchen table and chairs (\$5,536), and home renovations (\$25,000) to accommodate the adoption of ten children. In addition repairs were made to the van for the safety of the children (\$1,327).
2. Oversight noted adoption subsidy funds were paid to one parent for the removal of asbestos, replacement of the roof, installation of a fence, and the purchase of a heating and cooling system to ensure the safety of the home. The total amount expended for these improvements was \$18,153.

One of the key principles reflected in the state statutes and Adoption and Safe Families Act (ASFA), is that the safety of the child is the paramount concern that must guide all child welfare decisions. When subsidy funds are used to make the living environment safe and suitable for a child, Oversight must question whether funds should be expended for these purposes.

Oversight recommends DFS determine whether procedures ensure adoptive placement that is in the best interest of the child.

Comment 7:

The Department of Social Services - Division of Family Services current training requirements for foster care and adoption do not appear to be explicitly authorized in the Revised Statutes of Missouri (RSMo).

DFS currently requires prospective parents seeking adoption approval to attend thirty-nine hours of training. The thirty-nine-hour requirement is comprised of two separate training programs: STARS and Spaulding.

To become licensed as a *foster* parent in Missouri, a person must attend STARS training. The 27-hour program typically consists of nine, three-hour sessions and includes a home assessment. To remain a licensed foster parent, twelve hours of additional training must be completed each year of renewal. To become licensed as an *adoptive* parent in Missouri, a person must first complete the STARS training and then complete twelve hours of Spaulding training which is typically structured as two, six-hour sessions and includes a home assessment as well. No further training is required once adoptive parents are approved.

Section 210.543, RSMo provides authority for DFS to train and license *specialized* foster parents. The provision indicates that the training received by such specialized foster parents is in addition to the training required in section 210.540, RSMo. However, section 210.540, was repealed in 1982. Therefore, the statutes appear to address training for specialized foster parents only.

Oversight compared the training requirements of various other states - Iowa, Kansas, Oklahoma, and Oregon - to those of Missouri in regard to foster care and adoption. Based on this comparison, DFS training requirements appear to be reasonable. In addition, Oversight attended and observed a training seminar provided by DFS. The curriculum appeared to be informative and helpful to prospective foster and adoptive parents.

Oversight recommends the General Assembly consider proposing legislation which provides the explicit authority for DFS training requirements for foster care and adoption.

Comment 8:

The Department of Social Services - Division of Family Services does not track the number of adoptions finalized by the child placing agencies it licenses.

The Division of Family Services (DFS) licenses private child placing agencies, monitors them for compliance, and issues renewal licenses. However, the DFS does not track the number of adoptions finalized by the child placing agencies it licenses.

DFS is currently seeking accreditation from the Council on Accreditation of Services for Families and Children, Inc.(COA). Adoption service standards, as outlined by COA, call for measurable criteria to be developed and used to evaluate the quality and outcome of the adoption service. At the time of license renewal and at the annual site visit, each agency completes a statistical report listing the agency's activities including the number of private adoptions; however, DFS does not track this information. As the licensing agency, DFS should track the number of private adoptions occurring throughout the state. Without tracking the number of private adoptions, DFS cannot adequately measure the quality and outcome of its adoption services.

Oversight recommends DFS track the total number of private adoptions finalized through child placing agencies and use that information to evaluate the quality and outcome of its adoption services.

APPENDIX 1



RECEIVED

JAN 25 2001

TELETYPE UNIT

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GOVERNOR

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January 23, 2001

Jeanne Jarrett, CPA
Legislative Research Committee
Oversight Division
Room 132 State Capitol
Jefferson City, MO 65101

Dear Ms. Jarrett:

Please find the enclosed response to the program evaluation of Adoption Services by the Committee on Legislative Research. The Adoption Subsidy Program is a valuable resource to adoptive families. This program allows us to expedite permanency for many children in foster care by eliminating financial barriers. Subsidy provides necessary services to children with special needs.

We appreciate the comments and recommendations made regarding the Adoption program. As a result, we will be making system changes to provide for better accounting of expenditures. DFS Adoption policy has been implemented to satisfy federal Adoption Subsidy requirements while following Missouri statutes

We have addressed each of the comments individually. If you have further questions regarding the Adoption Subsidy program or our response, please contact Jim Harrison, Assistant Deputy Director at 573-751-4329.

Sincerely,

Denise Cross
Director

DC/cw

Adoption Audit Recommendations

Since 1997, the Division of Family Services has increased the number of children adopted by 67%. Children are spending less time in foster care before moving into adoptive placements. The children being placed in adoptive families are children who have experienced abuse and/or neglect. Through the subsidy program we provide a variety of services that are tailored to meet the individual needs of our children. The subsidy services are reflective of the partnership between the adoptive parents and DFS in establishing and maintaining a healthy family system for the adopted child. A key component to the success of moving children to permanence is the adoption subsidy program.

The primary goal of the Adoption Subsidy Program is to eliminate financial barriers for families adopting special needs children. All foster children in the custody of the Division of Family Services are considered special needs children, thus eligible for the Missouri Adoption Subsidy Program. An adoption subsidy is a collaborative agreement between the division's staff and the adoptive family to meet the special needs of the child. DFS receives state and federal monies to support the subsidy program.

The Adoption and Safe Families Act of 1997 (ASFA) requires states to expedite permanency for all children in alternative care by setting specific time frames in which the state must act on a child's permanency plan. For some children, adoption is the best permanency plan. ASFA prompted Missouri to examine its adoption subsidy program and to work towards identifying potential barriers to permanency.

The Division of Family Services is undergoing the accreditation process through the Council on Accreditation (COA), which will provide our agency with the ability to provide our families with high quality services that meet the standards set forth by the COA. COA caseload standards will allow our workers to carry an adoption subsidy caseload of only 200 families. Currently, some of our metropolitan adoption subsidy workers carry caseloads in excess of 400, which also contributes to the difficulty in maintaining up-to-date subsidy contracts and attachments.

When considering federal laws regarding adoption subsidy, PIQ 9002 (10-01-90) reads: "Legislative history of P.L. 96272 indicates that Congress at first considered the inclusion of a 'means test' as a requirement under the title IVE adoption assistance program. At one point in Committee discussion, a family would not have been eligible to receive adoption assistance if its income exceeded 150% of the State median income for a family of four. However, this restriction was later dropped after the Committee noted that 'we should not design a program to foster adoptions only in those families with the least financial capacity to care for these special needs children.' (Congressional Record Senate S11704, August 3, 1979.)"

The discussion of PIQ 9002, states "that 'adoption assistance' means to assist the adoption of children with special needs. Experience in public child welfare agencies has shown that, in the past, many children with special needs and disabilities have grown up in foster homes or institutions, without the security of belonging to a family of their own. Assisting in the adoption of such children is not only beneficial for the children and enriching for families, but is also cost beneficial to State agencies in that administrative costs in the adoption assistance program can be far less than in the foster care program.

Means testing concepts are not appropriate in the title IV-E adoption assistance program and should not be acted upon in the negotiation of an agreement with prospective adoptive parents. Adoptive parents are selected for their ability to provide permanent and stable homes for special needs children and are not expected to change their long-term plans because of the adoption of such children. Under the title IV-E program, even though adoption assistance payments are made, the agency does not control or participate in family choices regarding lifestyle or career plans." (PIQ 9002, 10-02-900)

We will attempt to address the recommendations individually as listed below.

Comment 1

The Department of Social Services-Division of Family Services adoption subsidy contract management system does not contain adequate controls to prevent unauthorized payments from being made. As a result, overpayments estimated in the millions of dollars have occurred over the last several years.

We feel that the majority of the payments noted in the report were owed to the families for the care of adopted children, however the proper paperwork was not in the system to reflect this. We would estimate that the actual payments made for ineligible children are significantly less than the report estimates.

DFS is working with Data Processing to create an edit that will prohibit maintenance payments without an active attachment or authorization. This edit would also prohibit the payment of a service that is over the authorized amount. Currently, our system only searches for an active contract for a payment to be executed.

We are in the process of reviewing all open contracts without current service authorizations and all contracts with children over age 18. We will explore the possibility of recoupment on all payments made incorrectly. DFS is also in the process of reiterating policy with field staff to ensure that adoption subsidy contracts and authorizations for services are current. Front line staff will review these contracts annually.

Comment 2

Several concerns were noted with adoption subsidy payments made for day care expenses.

Day care services are a part of the standard subsidy package. We do encourage adoptive parents to use contracted day care providers, however we do not feel that we can make this a requirement. We feel that making such a requirement would interfere with basic parental choice and responsibility. Further, it would add a barrier for adoptive families in accessing the most appropriate day care for their adopted child. When selecting day care, families often have other children to consider, as well as geographical convenience and availability. Many day care providers charge fees over the DFS contracted rate; thus it is difficult to find providers who will provide the service at the specified rate. We simply request that adoptive families seek day care that is in the best interest of the child.

DFS is in the process of instituting policy that requires adoptive families to submit documentation for reimbursement of day care expenses to include the dates of service and tax identification number of the provider. The audit report recommended that the day care expenses should take into consideration the actual needs of the child. This is our expectation and will be reiterated in policy. We are also in the process of developing policy to incorporate the allowances for additional day care incentives, such as, special needs rates and Accreditation compensation.

Comment 3

The Department of Social Services-Division of Family Services routinely offers adoption subsidy assistance to families without determining the actual needs of the child. Additionally, a follow-up review is not performed to confirm a continued need for such assistance.

DFS policy requires that adoption subsidy contracts be reviewed annually. Letters are sent to the adoptive parents by the county offices. We are working with Data Processing to provide a monthly reminder report to each adoption subsidy worker regarding the renewals. We are also exploring the option of a computer-generated letter to families annually regarding the need to renegotiate subsidy amounts based on the current needs of the child(ren).

DFS changed policy to provide a basic subsidy package to all adoptive families in 1999. This was an effort to equalize the services being provided across the state. An adoptive family may elect to decline any services offered under Adoption Subsidy. ASFA required states to provide Medicaid to all children receiving adoption subsidy. We believe that by also providing standard maintenance, (equal to the foster care payments) and day care that financial barriers would be eliminated for the adoptive family.

All of our children have basic needs such as shelter, food, clothing and incidentals, as partially covered under maintenance. Maintenance is intended to cover these basic needs. The USDA has determined that it costs at least \$350 per month for a family living in the mid-west to raise a child under the age of two. Thus, our standard maintenance rates do not fully cover the costs of raising an adopted child.

We are in the process of developing policy regarding specialized maintenance. Our specialized maintenance is available in order to prevent barriers in placing children who have special needs. This maintenance is intended to meet the needs of children who have extraordinary behavioral or medical needs. Often, there are numerous specialist appointments, extensive travel and specific skills the parents of these children must possess in order for children to maintain their placement with their family. We intend to require staff to re-evaluate the maintenance rates yearly. Policy will require supporting documentation for these elevated payments.

Comment 4

The Department of Social Services – Division of Family Services entered into long-term agreements to reimburse parents for special services without following up at regular intervals to ensure the special services are still warranted.

Policy states that agreements must be reviewed with the adoptive parents at least annually. If no changes are indicated, the agreement is automatically renewed.

In three of the six cases, case documentation indicated that the children in these homes suffer from long-term medical/behavioral issues that will not improve in time. Many children continue to exhibit the same behavioral and/or medical issues even after they are adopted. Specialized maintenance is intended to cover the costs of home repairs, increased supervision, transportation for excessive appointments, and specialized parenting skills.

Sometimes special services include the funding for residential treatment. According to the Children's Services Forms Manual, Residential Treatment Referral (CS-9) instructions, progress and continued need for services while children are in residential care is required on a quarterly basis. The residential treatment center is to complete a CS-9 quarterly. This will be reiterated in policy. We are exploring how best to help families manage their children who are in residential care, so that these youth may be integrated back into the community as quickly as possible.

Current policy states under D-16, ATT A, page 26 "Maintenance", that "Adoptive or parents (s) receiving the standard maintenance rate will not need to renegotiate the agreement at the time rates are increased or lowered. However, if the parent (s) are receiving less than the standard maintenance rate, and the amount needs to be

changed, the agreement will require re-evaluation. A new CS-SA-2ATT must be submitted to CMU." Changes in policy will include:

- The division will revise the policy stated above (D-16, ATT A, page 26), to include instruction regarding the review of special maintenance subsidies.
- The division is developing new policy regarding specialized maintenance. This policy will instruct field staff to date special expenses for only one year, and develop a formal yearly review process for these expenses.
- The division will develop policy requiring field staff to maintain this documentation.
- The division will develop policy instructing staff to submit a "waiver for review" for children who are considered to have a permanent condition that is not expected to improve. This waiver will need to contain documentation supporting their request, and will be sent to the area office level for approval/disapproval.

Comment 5

The Department of Social Services – Division of Family Services has continued to subsidize families who moved out-of-state despite the fact the families failed to file the statutorily required statement of expenses which is to be submitted annually to the Department.

The division has no current policy regarding this stated statute. In keeping with preventing barriers to children and families, the division does not require this practice and in fact, the statute (453.074.4) appears to be in violation of federal law as well as the ASFA provisions relating to reducing geographic barriers.

Upon seeking counsel from the Administration for Children and Families, Robert Reed, has advised, citing PIQ 9002 (10-02-90), "Once the adoption assistance agreement is signed and the child is adopted, the adoptive parents are free to make decisions about expenditures on behalf of the child without further agency approval or oversight. Hence, once an adoption assistance agreement is in effect, the parents can spend the subsidy in any way they see fit to incorporate the child into their lives. The amount of the assistance may be adjusted periodically, with the concurrence of the adoptive family, of the family's or child's circumstances change."

Finally, Section 453.074 RSMo requires the division to "Comply with all federal laws relating to adoption subsidies in order to maintain the eligibility of the state of Missouri for federal funds."

The division will research and take necessary actions in order to revise this statute due to the above-stated federal policy.

Comment 6

The Department of Social Services – Division of Family Services allows employees to backdate documents in order to provide additional subsidy payments to families.

While the division does not encourage the backdating of paperwork, the request for a backdate is viewed more as an “effective date.” The division seeks to prevent barriers for families who are adopting our children and backdating is a result of the child or family’s needs changing. We do not want the contracting process to be a barrier to appropriate service delivery. The backdating of contracts primarily exists due to the process of obtaining signatures and the lengthy approval process once the family has signed the documents. The subsidy contract and attachment must be reviewed and signed by the county director, the area director, and the division director. In instances where there is a question with regard to the subsidy requested, the process may take even more time. The shortest estimate of time for the paperwork to reach its final destination after it is signed could take over one week, just because of the mail.

Generally, adoption subsidies are not made with families prior to children being placed in their home. Thus, the need for a backdate, or “effective date.” We believe that it would be a barrier to make a child remain in foster care any longer than necessary. It would also be a barrier for a family to have to wait to receive needed assistance for a child who is currently in their care.

Other scenarios that occur occasionally throughout the state could include those where an emergency exists and a service may need to be provided immediately, without time for the paperwork to be processed. These types of emergencies may include medical care or a need for residential treatment.

Changes in policy will include:

- Implementation of the county director assigning or date stamping an “effective date” at the time they receive the agreement for review. This would provide an administrative decision.
- Policy providing guidelines for “effective” dates.
- A possible system change could be to revise the authorization screen to provide an effective date.

Comment 7

The Department of Social Services approved the expenditure of state funds for the purpose of making the adoptive family environment safe and suitable for the adopted child. Apparently, when application for adoption was made, the environment was not safe and suitable.

The Missouri Division of Family Services is committed to finding a permanent family for every child available for adoption. These children have special needs, and families are not always readily available or able to care for them under their current conditions. In the long run, such one-time expenses are cost effective as they reduce the long-term foster care payments that would otherwise be incurred by the state. Section 453.065, RSMo provides for an adoption subsidy to be available for children who do not have a family readily available to them.

The Division of Family Services provides training, home studies and background checks for the families we license for adoption. The family is studied as a whole. If barriers exist, they are examined and determined to be correctable or not. In the two cases cited under this comment, the barriers existing were far less expensive to fix than the probable expense of continuing to keep these children in foster care or residential placements incurred due to not placing these children in a permanent home setting.

The family with 10 children provides a home for children who are extremely hard to place, and who have special behavioral needs. These children would be in residential care (costing up to \$3000.00 per month, per child) if it were not for the adoptive parents and the services the subsidy provided in order to make this family "available" for these children.

The family who had a roof replaced and asbestos removed had moved into this home, unaware of these problems. The adoptive children were already in this family. If the asbestos had not been removed, the children would not have been able to remain in this permanent home, as they had respiratory illnesses. This expense was incurred to accommodate the health and safety needs of the children. If these children would have been removed due to health issues that could have been fixed, it could cost more than just ongoing maintenance services for these children. A move for these children would have also impacted these children emotionally, causing unknown harm.

The Alternative Care Handbook, Procedure D-16, Attachment A, page 5 under "General Policy" states that "extraordinary expenses such as a request for handicapped accessible vans, house additions, etc., will need to be assessed according to the specific special needs of the child." A second level approval process is in place for situations such as these, where "Area Offices are to continue to sign off on the subsidy contracts and attachments if the area office staff are in agreement with the request of the family." The Children's Services geographically assigned Unit Manager will also review, approve and sign the subsidy attachment in the situations where the Area offices question the submitted contracts and attachments. In the case of a request for extraordinary expenses, three bids are required in order to determine the best use of state resources.

Comment 8

The Department of Social Services – Division of Family Services current training requirements for foster care and adoption do not appear to be explicitly authorized in the Revised Statutes of Missouri (RSMo).

Section 13 CSR 40-60.030, provides a minimum of 12 hours of training for foster parents. This rule was promulgated under the authority of Section 210.506, RSMo, which affirms the division's authority to promulgate regulations for the licensure of foster parents. We believe this provides ample authority for the division to require training of foster parents prior to licensure.

The majority of our adoptive parents begin caring for the child as foster parents. The additional requirements for adoption training are best practice standards that intend to better prepare parents for the adoption process and minimize the potential for disruption. Training is a part of the assessment process that requires parents to demonstrate certain competencies, which are significant in providing care that is in the best interest of the child.

Chapter 453.070.3 directs the division to develop rules and regulations regarding the content of the assessment of the petitioner or petitioners. We believe our policy requiring adoptive families to complete the additional adoption specific training is in keeping with this chapter.

Comment 9

The Department of Social Services-Division of Family Services does not track the number of adoptions finalized by the child placing agencies it licenses.

DFS is in the process of requesting the number of finalized adoptions for 2000 from the licensed child placing agencies and will continue to request these statistics annually.